TRIZECHAHN CROSS EX. 11.0

State of Illinois

Illinois Commerce Commission

COMMONWEALTH EDISON COMPANY	:	
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Petition for approval of delivery services tariffs and delivery services implementation plan, and for approval of certain other amendments and additions to its rates, terms, and conditions	: : : :	No. 99-0117

Rebuttal Testimony of

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ComEd. Ex. 33.0

insufficient for ComEd to recover its costs for providing service to customers returning to bundled service, depending on the magnitude of the disparity between the high market prices for power ComEd may have to pay compared with the relatively low bundled rate which ComEd can charge.

A twenty-four-month requirement also better recognizes the resource planning issues that ComEd faces. Unlike RESs, who can turn customers away whenever they desire, ComEd must always have or acquire resources for customers returning to bundled service. A twenty-four-month term will permit ComEd to acquire resources for such customers with a greater certainty that the customers will utilize the resources acquired. It is only fair that ComEd obtain some degree of certainty that it will recover the costs to serve those customers. Thus, the term for customers returning to bundled service should be set at twenty-four months.

Q Certain witnesses (Dr O'Connor, Dr Swan, and Mr Chalfant) have questioned or criticized what they claim to be ComEd's failure to take voltage level into account in the design of its customer classes in Rate RCDS. Are their concerns warranted?

A. No. For many years, ComEd's bundled service tariffs have been segregated into customer classes primarily based on size. This design is appropriate given the nature of ComEd's system and the engineering design that goes into its system. There is a high degree of correlation between the size of the customer and the voltage level at which that customer takes service. In general, the larger the customer, the higher the voltage level at which that customer is served.

ComEd's proposed rate design in Rate RCDS includes more customer classes based on size of customer than in its bundled tariffs, which take even greater account of the differences in voltage level that occur as customers increase in size. These changes in service voltage level are also accounted for appropriately in ComEd's marginal cost of service study. Bundled service Rider 11 provides a credit to customers that are served at 69 kV voltage and higher. Rider 11 is also applicable to delivery service customers. Thus, ComEd's bundled service and delivery service customer classes based on size account for major differences in voltage levels among the customer classes with a special credit being given for customers served at high voltage and without the need to specify brand new voltage level categories for customers.

In addition, customers with similar electrical needs in different geographic locations may receive service at different voltages simply due to their location in ComEd's electrical system. This is due to the highly integrated nature of ComEd's distribution system. When providing service to customers, ComEd will use the appropriate voltage level that meets the customer's electrical needs at the lowest cost. Thus, while one customer may be served at 138 kV, another may be served from one or more 34 kV lines or even multiple 12 kV feeders. The deciding feature is which voltage is most cost effective to use for a given customer's situation. A customer located right next to 34 kV lines, but miles from the nearest 138 kV line, can likely be served more cost effectively from the 34 kV lines because of their proximity. By providing service in this manner, ComEd provides distribution service in the most cost-effective manner, holding down rates for all of its customers. A structure of voltage-based rates would encourage new customers to "voltage shop" to find the lowest rate, which will likely not properly reflect ComEd's cost to provide service to that customer. The end result would be to raise ComEd's overall rate level at the expense of all other customers. The

Commission should not order a rate structure that works against the goal of providing electrical service at the lowest possible cost.

There are also practical limitations to what one can do. In its proposed rate design, ComEd sought consistency with its existing rate structure. The requirements of developing the new rate structures required to provide open access are already taxing ComEd's Information Systems resources. Obtaining the necessary data for rate design and making further modifications to the delivery service tariffs to address voltage level concerns that would still exist for ComEd's bundled service tariffs, is simply impractical.

See also the rebuttal testimony of Sally T. Clair and Ronald E. Donovan for additional discussion of the issue of voltage based rates.

Finally, both Mr. Chalfant and Dr. Swan suggest that the Commission order ComEd to file new rates or riders to address the voltage level issue sometime after this case is decided. Their proposal is unfair to ComEd, and possibly illegal to the extent it denies ComEd cost recovery. Presumably, the reason that such an adjustment is being sought is to lower the cost responsibility for certain, primarily larger, customers. In order for ComEd to remain revenue neutral to such a change, the rates for other classes would have to be increased to compensate for any reductions that may result from voltage level credits. Making such an adjustment after the decision in this proceeding without increasing the charges to other classes would result in ComEd not being able to recover its costs to provide delivery services. Thus, because of the impractical and unfair nature of their proposal, these Intervenors' suggestions for modifications to rate design and customer class definitions based on voltage levels should be rejected.

Q. In his testimony, Dr. O'Connor makes a suggestion for separate customer classes for tenants in high-rise office buildings in which the service through the building is at high voltage. Do you agree with his recommendation?

A. No. Tenants in high-rise buildings are frequently served from 480 volt or 12 kV risers inside the building. This higher voltage service is transformed to a customer utilization voltage at individual locations inside the building. What Dr. O'Connor fails to realize is that a high-rise building with 12 kV risers is very similar to a strip mall. The only difference is that the high-rise building is built vertically and the strip mall is built horizontally. There is not a significant enough difference in costs incurred by ComEd to justify Dr. O'Connor's suggestion of a separate class for tenants in high-rise buildings.

See also the rebuttal testimony of Sally T. Clair and Ronald E. Donovan for additional discussion of the issue of rates for tenants of buildings with high voltage risers.

Q. Mr. Nola suggests in his testimony that the customer charges under Rate RCDS should be no greater than those in the otherwise applicable bundled service tariff. Do you agree with his suggestion?

A. No. Mr. Nola makes this suggestion without providing any basis or substantiation. The customer charges proposed by ComEd in Rate RCDS are set to more specifically match the costs incurred by ComEd to provide service to individual customers. The more detailed definition of customer classes allows these changes in costs to be reflected more accurately in the Rate RCDS customer charges. Mr. Nola's suggestion should be rejected.

Q. Mr. Bailey expresses concern that the initial term of service of twenty-four months in Rate RCDS is too long and suggests that a twelve month initial term of service would be